



City of  
**HOPEWELL**  
VIRGINIA

THE  
**ROBERTBOBB**  
GROUP



# CHANGE IN SCOPE

## PROJECT MANAGEMENT OFFICE AND ACCOUNTING REMEDIATION SERVICES

11-14-2023

**PROJECT MANAGER**  
Heather Ness

## Scope 1 – CFO Replacement

### Overview

The following scope outlines the work expected in filling the role of the Interim Finance Director position for the City of Hopewell, VA. It is always challenging to drop into a Finance Department that has experienced high turnover and is still years behind on getting up-to-date audited financial reports. The goal of this engagement is to continue work already underway and to infuse a sense of purpose and direction into department staff. Another goal of this is to continue building the agency's transparency and trust in the processes and work performed by the Finance Department.

### Draft Scope

The following tasks provide an outline of a general approach to this project. The tasks allow for, and assume, formation of direction as information is gathered. A goal of this scope is to focus on the following tasks.

#### **TASK 1: RELATIONSHIP DEVELOPMENT & DATA-GATHERING (15 Days)**

This task encompasses an introductory phase where I will review current documentation and begin to develop relationships with the Finance Department and with other City staff and the consultant team. Below is an initial list of data and staff that would be targeted in this task.

##### Review Documents and Data

- GL for budget to actual
- Last ACFR -- Evaluate progress on in-process ACFRs
- Audit Management Letter(s)
- Any major City contracts
- Sources of all revenue and how it's coming in vs forecast
- Transfers
- Debt documents
- Bank Reconciliations
- Financial reports
- Cash report, check registers, etc.

##### Meet Staff

- One-on-one and groups
- Identify ongoing issues
- Discuss current processes
- Ensure proper separation of duties – focus on AP and purchasing
- Talk with major department heads
  - o Who tracks their budgets?
  - o What do they do with financial reports?
  - o What issues do they have with the Finance Department?

- Discuss initial findings and thoughts with City Manager and consulting team

City Council

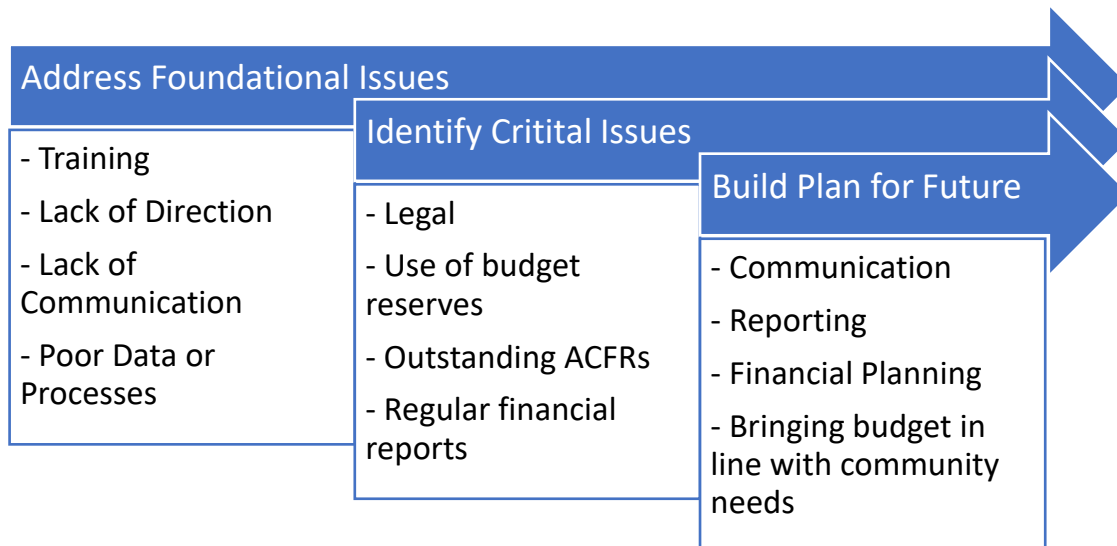
- Attend meetings
- Write finance reports to Council
- Interface with Council members
- Monthly Meeting with the City Council Finance Committee, prepare an agenda in advance of the meeting and follow-up as requested.

Reporting

- Review historical financial reports
  - o Monthly/Quarterly budget reports
  - o Mid-year budgets
- Talk with auditor on ongoing ACFR work and schedule

**TASK 2: DEVELOP ACTION PLAN (15 Days)**

Based on the relationship/data gathering phase, I will develop an action plan in consultation with the CM and broader consulting team. The graphic below shows elements of a conceptual action plan based on expected criticality of what is needed for the City’s Finance Department.



**TASK 3: IMPLEMENT ACTION PLAN (30-60 days)**

To the extent possible, the work of this project will be to implement processes, procedures, and tools that will assist the City in building and maintaining an effective finance function. Implementation of the plan will focus on the most critical items identified as well as overall changes in the department that keep all staff moving in the same direction. This task will utilize other members of the consultant team to address specific technical concerns, develop analysis tools, and provide technical training.

What can be implemented will depend on the length of the engagement; however, an action plan will be developed that can be used post-engagement by a long-term Finance Director.

## **TASK 4: PROVIDE ONGOING TOOLS**

In support of the action plan implementation, and based on the City's needs, a number of tools will be developed for City use on an ongoing basis. These will include:

1. Budget forecasting tool
2. Financial reporting templates
3. Data analysis tools based on needs of department

## **Scope 2 – Replacement of Accounting Assets**

### **Tasks**

This request for additional work will provide additional resources from UHY to remediate financial management issues identified at the City of Hopewell beyond those already known to exist up on submission of the initial proposal. Further, these hours will supplant the hours provided by Robert Half temporaries to execute the closing plan described below to bring the books and records of the City of Hopewell current.

1. Obtain listing of all open bank accounts. Reconcile each individual bank account for fiscal year 2021, 2022 and 2023.
2. Obtain listing of all open investment accounts. Reconcile each individual investment account for fiscal year 2021, 2022 and 2023.
3. Perform a pooled cash reconciliation of all open bank and investment accounts for fiscal year 2021, 2022 and 2023 to the City's individual funds presented in its ACFR.
4. Reconcile the following receivables to the general ledger as of June 30, 2021, 2022 and 2023. Identify any reconciling items. Assess whether reconciling items should be posted to the detailed records. Assess the propriety of any individual credit balances.
  - Real property taxes
  - Personal property taxes
  - Business property taxes
  - Machinery and tools taxes
  - Food and beverage taxes
  - Lodging taxes
  - Bank Franchise taxes
  - Public Service taxes
5. Calculate deferred tax revenues as of June 30, 2021, 2022 and 2023.
6. Obtain Cardinal reports from the State of Virginia detailing revenues provided to the City. Reconcile the Cardinal reports to the general ledger for fiscal year 2021, 2022 and 2023.

7. Identify and reconcile prepaid items as of the year ended June 30, 2021, 2022 and 2023.
8. Calculate accounts payable as of June 30, 2021, 2022 and 2023.
9. Identify other accrued liabilities and reconcile these items to the general ledger as of June 30, 2021, 2022 and 2023.
10. Perform a fixed asset rollforward for fiscal years 2021, 2022 and 2023
  - Assess adequacy of opening balances
  - Identify fixed asset additions for the fiscal year
  - Identify fixed asset dispositions for the fiscal year
11. Perform a long-term debt rollforward for fiscal years 2021, 2022 and 2023
  - Assess adequacy of opening balance
  - Identify long term debt additions for the fiscal year
  - Identify long term payments for the fiscal year
12. Obtain the Virginia Retirement System documentation of the City's share of its pension obligations and ensure appropriate amounts are recorded in the general ledger for the fiscal years ended June 30, 2021, 2022 and 2023.
13. Obtain the actuarial valuation of the City's other post-employment benefits liability. Ensure appropriate amounts are recorded in the general ledger for the fiscal years ended June 30, 2021, 2022 and 2023.
14. Perform a reconciliation of the following net position and fund balance classifications as of June 30, 2021, 2022 and 2023:
  - Investment in fixed assets, net of related debt
  - Restricted
  - Unrestricted
  - Non-spendable
  - Reserved
  - Assigned
  - Unassigned
15. Perform reconciliation of government wide statements to fund statements for fiscal years ended June 30, 2021, 2022 and 2023
16. Reconcile the following receivables to the general ledger as of June 30, 2021, 2022 and 2023.
  - HRWTF accounts receivable
  - Sewer service accounts receivable

- Solid waste accounts receivable
  - Storm water accounts receivable
17. Reconcile the storm water due from the Commonwealth of Virginia as of June 30, 2021, 2022 and 2023
  18. Perform a fixed asset roll forward for each enterprise fund for fiscal years 2021, 2022 and 2023.
    - Assess adequacy of opening balances
    - Identify fixed asset additions for the fiscal year
    - Identify fixed asset dispositions for the fiscal year
  19. Calculate accounts payable for each enterprise fund as of June 30, 2021, 2022 and 2023.
  20. Identify other accrued liabilities for each enterprise fund and reconcile these items to the general ledger as of June 30, 2021, 2022 and 2023.
  21. Perform a long-term debt rollforward for each enterprise fund for fiscal years 2021, 2022 and 2023
    - Assess adequacy of opening balance
    - Identify long term debt additions for the fiscal year
    - Identify long term payments for the fiscal year
  22. Perform a reconciliation of the following net position classifications as of June 30, 2021, 2022 and 2023:
    - Investment in fixed assets, net of related debt
    - Restricted
    - Unrestricted
  23. Assist in the preparation of the annual financial statements to be audited by the independent auditor. Please note that MD&A is not required until the fiscal year 2023 financial statements.
  24. Prepare the comparative report transmittal forms to be submitted to the Virginia Auditor of Public Accounts. Please note that these forms shall be submitted as “unaudited” until the fiscal year 2023 transmittal forms.
  25. Support for Hopewell Public Schools (HPS):
    - Compare City and HPS Fund Trial Balances for consistency in amounts.
    - Compare City Cash in Treasury to HPS Cash Balances for consistency in amounts.
    - Account Receivable/Unearned Revenues – Obtain supporting documentation for proper cutoff and revenue recognition.
    - Capital Assets – Obtain and reconcile capital assets and depreciation rollforward schedule to capital outlay and jointly owned asset additions.

- Accounts Payable – Obtain detailed accounts payable. Perform search for unrecorded liabilities for three months after year end.
- Accrued Payroll – Obtain ending payroll accrual and compare to trial balance and supporting documentation.
- Bonds and Notes Payable – Obtain or prepare debt roll forward schedule.
- Net Position – Review reconciliations compared to prior year and confirm accuracy.
- Revenue – Obtain or review reconciliation of state revenues report to City and HPS balances.
- Budget and Actual Statement of Revenues and Expenditures – Obtain and investigate difference between budget and actual above significant difference threshold.

## Scope 3 – MUNIS City Assistance

### Current State

- City is behind on submitting clean audits and proper financial statements and reporting to local, state, and federal entities.
  - Inconsistent Reconciliation & Reporting
  - Inconsistent Control Structure, Policies & Procedures
  - Unclear Roles
  - Mismatched Records – summary and detailed
  - Communication Issues
  - Segregation of Duties and Improperly Setup
- Need to reassess use of current Enterprise Resource Planning (ERP) system to optimize use, efficiency, and data reliability

### Process

- Coordinate with consulting teams to ensure City Staff has proper understanding of policy and implement adjustments within the ERP system, in return this will provide quality and reliable data within the ERP and Reporting.
  - Update/create ERP related policies and procedures
  - Improve cash management & reconciliation
  - Refine financial and HR/Payroll processes
  - Enhance ERP security and workflow rules
  - Implement unused Tyler modules
  - Streamline bank reconciliations & GL
  - Redefine Chart of Accounts for better reporting
  - Address prior audit concerns in ERP

- Leverage the current Tyler PACE program to schedule proper Munis training as needed
- Work with key ERP Stakeholders and leads to ensure proper security is established and adjusted to meet separation of duties
- Develop proper communication plan to establish best practices and optimal workflow, both outside and within the ERP
- Support the ERP IT team throughout the updates and changes

## **Future State**

- Complete reconciliation and work with City team to understand proper policies and procedures in conjunction with the ERP system
- Ensure accuracy of chart of accounts (COA) and reporting
- Confirm users are following proper policies and procedures
- Proper process and timing of reconciliation
- Follow best practices for cleaner data and reporting
- Submit local, state, and federal reporting in a timely manner
- Complete FY 2023 and FY 2024 reconciliation, submit financial statements on time, and complete clean fiscal audits
- Systematically reconcile FY 2021 and FY 2022 by June 2024